

BU 196B-898

The following investigation was conducted by
Special Agent Accountant [redacted] at Rochester,
New York, on August 12, 1987:

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A book entitled, "Vicious Circles, The Mafia
in the Marketplace" by JONATHAN KWITNY disclosed ANTHONY
DE ANGELIS, aka Tino DeAngelis, is a reference. Attached
are copies of pages referencing DE ANGELIS.

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their tape recorder. It seemed that the Mafia, for whom the butchers' union local was merely a branch office, had sized up the situation along with Williams-McWilliams, and apparently had decided to put a man of its own choosing into Merkel. For all of its profitability problems, Merkel still had tremendous cash flow, selling millions of dollars of meat to supermarkets, butcher shops, delicatessans, and government institutions. For a mobster, the bottom line on a profit-and-loss statement comes a lot higher than it does for legitimate businessmen. To a mobster, many of the costs of doing business can simply be dispensed with by not paying bills, so that cash flow becomes the paramount consideration.

The particular gentleman who intervened in the Merkel case was Anthony "Tino" De Angelis, who was riding high on Wall Street and whose name was about to become a household word. He was the architect of what has become known as The Great Salad Oil Swindle, one of the biggest frauds in history. In the press reports, books, and legal cases concerning the salad oil swindle, numerous attempts were made to substantiate rumors that Tino—as he is known to all—was in the Mafia. Associations were established, but the conclusions were all tenuous. He has never appeared on the lists of Mafia members (or "organized crime figures") produced by Congressional investigations. He has flatly denied being a "front" for others in the salad oil swindle, and in its investigations the Government never established that he passed loot from the swindle on up any chain-of-command, such as to Mafia bosses. On the other hand, New York Police Department experts on the Mafia suspect that this is exactly what happened. They say they think Tino De Angelis is close to, or part of, the Mafia family headed by Joseph Bonanno. The precise answer, of course, will probably never be known to the public, but the eavesdropping tapes made by Detectives Nicholson and Montello in the Merkel case clearly add a whole new dimension to the De Angelis story.

Until a few years before, Tino had run a hog-butcher operation in New York's Fourteenth Street meat market, where he had done business off and on since the 1930s. What a lot of people still don't know is that Tino really is an expert pork butcher. Some say he's the best there is, a master judge of how to get the greatest amount of usable meat from an animal. To watch him in action in a boning room, you can easily believe it. If Tino had stuck to running a hog-cutting operation for a company that was completely owned and controlled by honest businessmen, he could have made the world a better place. But it wasn't in his nature.

By 1963, he had forsaken butchering and taken a corner on the international market for salad oil—or what the world thought was salad oil. Starting slowly, cleverly conning one Wall Street commodities house after another, Tino began trading in futures contracts and IOUs in ever increasing amounts. He completely outfoxed the American Express Company, which, in exchange for his storage fees, practically turned over to him its huge warehousing facility in Bayonne, New Jersey. Soon Tino had sold literally hundreds of millions of

dollars of salad oil for future delivery, and the oil was guaranteed by American Express. According to some accounts, rumors that he had the Mafia behind him actually lured many legitimate investors into giving Tino their money. They figured he would always have the resources to pay them back. They didn't stop to think, though, that the way the Mafia got rich was by skipping out on its debts.

This was the situation in 1963 when Tino began talking business with Nat Lokietz, who was running a Fourteenth Street-area meat concern known as Eagle Brand Products. At this point, Merkel was still owned by Williams-McWilliams. The Mob evidently respected Lokietz, who had developed a reputation over the years for being able to sell hot dogs, baloneys, and hams with an improbably high water content. That he bribed his government inspectors was assumed. Now, Tino, a big public success, was trying to persuade Lokietz to expand. At this point only Tino, a few top employees and possibly some Mafia associates knew the big secret: those storage tanks in Bayonne, the ones the financiers were counting on, contained water and air. There was only enough salad oil to give visitors an occasional peek. It was one of the biggest swindles in American history. But Lokietz, like the financiers, didn't know this when Tino began trying to interest him in buying El Dorado, a meat company Tino owned.

Nicholson and Montello were listening not far away when Lokietz recounted the whole story to a friend over the telephone a year later: "I know Tino very well, and I'll say it on a stack of Bibles, he's one of the nicest guys on earth. He calls me up and says, 'I want you.'

" 'You want me for what?'

" 'He says, 'I want you to take over the El Dorado plant.' He says, 'We'll take Eagle [Lokietz's company] and throw it into El Dorado.'

" 'I says, 'But, Tino, I can't do that, because I owe a quarter of a million dollars. I can't just fold up Eagle and throw it into El Dorado.'

" 'He said, 'What are you worried about? I'll take care of it.'

" 'I says, 'You'll take care of what?'

" 'I'll take care of the quarter million dollars.'

" 'You take care of a quarter million dollars, you got yourself a boy.' "

Lokietz's lawyer scotched the deal, however, when he found out El Dorado was \$7 million in debt, a figure that Tino had vastly understated. "So we left," Lokietz recounted, "and he calls me up a month later. He says, 'How would you like to own Merkel?'

" 'I said, 'I'd love it.'

" 'He says, 'You got it.' He was already dickering for Merkel and he was going to give it to us."

In the year between the time Tino made this offer and the day in early December 1964, when Lokietz was recounting it, the world had learned Tino's secret. His Allied Crude Vegetable Oil Company was bankrupted, and so was at least one large Wall Street commodities firm and the American Express

warehousing subsidiary. The staggering losses, believed to exceed \$400 million, had reverberated throughout the financial world. Tino had been indicted for fraud, and every company Tino was associated with was suffering. Lokietz noted that except for a twist of fate, Merkel would have been bankrupted along with the rest of Tino's holdings. At the closing of the Merkel deal, Lokietz had been required to make an \$833,000-down-payment to Williams-McWilliams. Tino had been supposed to provide the money, but there was a last-second argument over legal details. Lokietz came up with his own lender—he didn't disclose who. The day of the closing, he recalled, "was the Saturday before the Monday this thing [the salad oil scandal] hit the papers. Now, ordinarily, he would have been my partner. 'Cause he was the guy that got me the thing. But I finished up all the details. At the last minute, Tino says if I come up with the 833, he don't want no bother with me. We would have been bankrupt."

As Nicholson and Montello listened, Lokietz told a number of callers and visitors how much he admired Tino's fraud with the phantom oil, and he speculated about how much money Tino had salted away. "I spoke to Tino yesterday," he told one person on the phone. "You know how much the take was? What do you think? How much do you think that grab bag was? Four thirty-eight. That's right. Half a billion dollars. That was the grab. And if he has five [stashed away]—if he has *three*—I'd like to be in that position. Packed up and ready to go to jail." (Tino served seven years of a twenty-year sentence, and went back for a while to what apparently was a legitimate hog-butcher operation. Soon, however, he was again soliciting credit on commodities purchases, and people who trusted him were again left millions of dollars poorer. Details are in Part Nine, Chapter Eight.)

The Tino De Angelis story was interesting, but it was not what Nicholson and Montello had bugged the office to hear. The name that the detectives were listening for most intently was that of Frank Kissel, the secretary-treasurer of butchers' Local 174 and its most powerful officer (as the secretary-treasurer is in many butchers' and Teamsters locals). Kissel was a close friend of the mobster Lorenzo "Chappie the Dude" Brescia, former bodyguard for Lucky Luciano. Brescia's brother Frank, himself never identified as a Mafia member or convicted of wrongdoing, was (and still is at this writing) on Local 174's payroll as a business agent. Kissel's name came up soon after the bug was installed, but not in the context the detectives expected.

Lokietz was commiserating with another meat dealer who stopped by his office. The other dealer complained that he was being shoved out of the processed meats and sausage market by the expanding empire of Harry R. "Buddy" White, Sr., who (with his son) owned White Packing Company—and still does.

"He's in Grand Union," Lokietz said disgustedly of White. "He was bumped from Grand Union five times. I pick up the phone to talk to the chief buyer there, he says to me, 'I would like to get Buddy White out of here

was supervising in North Bergen, New Jersey. I was completely taken in. He was a charming, grandfatherly little man who spoke in a quiet voice of his regrets for the wrongs he had done and his desire to make a little money to pay back the innocent victims of the salad oil caper (though in his opinion that certainly did not include American Express). He was as polite as could be. At this time I didn't know about his connection with the Merkel Meat scandal, so I didn't ask him about it. His pork operation showed every sign of legitimacy. I saw him bundled up in three sweaters in the cooler room, where he spent his days, patiently and expertly training young immigrant employees in how to quickly strip a bone of its meat without leaving waste. I wrote a rather flattering article about him on the front page of the *Wall Street Journal*, indicating that he seemed to have gone straight, and even offering his own unique view of the salad oil case (he blamed the big grain companies and banks for trying to wipe him, the little guy, out; and he said that the nearly \$1 billion he reaped was all poured back into the vegetable oil market as he tried to stay even through declining prices). He wrote me a nice note.

A year later, the Agriculture Department, besieged by Tino's creditors, filed a civil suit against his Rex Pork Company and against Paul H. Boiardi, a longtime friend of Tino's from Milton, Pennsylvania, who owned Rex Pork (Tino was unable to keep any assets in his own name because of outstanding tax judgments against him from the salad oil case). The Agriculture Department suit said Rex Pork had failed to pay for about \$3 million of livestock it had slaughtered and sold. Particularly hurt were some pork dealers in the Indianapolis area and the National Farmers Organization of Corning, Iowa. They had dealt with Tino, and said—as was clearly the case—that he was running the operation. Rex Pork and Boiardi consented to a cease-and-desist decree, and the National Farmers Organization got a court order to seize a warehouse full of slaughtered pigs. Meanwhile, the Agriculture Department was moving to take away inspection services from several companies Tino was associated with on the grounds that he was “unfit to engage in any business requiring inspection.” Without inspection stamps, of course, Tino would have been hard-pressed to sell his meat. He eventually foxed his way out of this jam by voluntarily withdrawing his companies from the program while seeing to it that his plant was covered by the inspection services provided for another company of which he was not an officer.

While all this was going on in 1975, the *Wall Street Journal* advertising department—which is very conscientious about trying to protect readers from fraudulent sales pitches, though it's fighting an uphill battle—came to the news department with some proposed advertising, which read thus:

BUSINESS OPPORTUNITY

Finish and fatten your own pigs to market weight. We will assist in procurement of 50 lb feeder pigs. All feed requirements. Farmers in Pa, NY corn belt to feed and care for your pigs on custom basis. Hedge pig purchase in future

Meanwhile, Charlie Anselmo had called from across the street, as instructed, and was invited up to the office. He arrived, still trying to bluff his way through. "That's good meat—I mean that's beautiful coloring," Anselmo insisted. "I buy it the way it comes in."

"Where?" Lokietz demanded.

"That's what they been asking me all over," Anselmo replied. "The guy comes in and we give him cash."

Lokietz laughed out loud. "Oh, my God," he said.

"I pay cash, straight dough," Anselmo insisted. "I don't give no checks to nobody. . . . I don't know myself [where it comes from] to tell you the truth."

"Don't be a shmuck, Charlie," Lokietz told him.

"I don't know," Anselmo kept on. "I don't pay the truckman. It comes directly from the plants. A & R, R & A; I think it's A & R."

Someone in the office confirmed that the meat was brought in by R & A Trucking Company. Nat asked for a copy of the bill from one of the loads, and his aide said there was none—pointing out that Merkel, too, paid cash for the shipments.

"The meat was all right," Anselmo repeated. Then he got on the phone to Herbie Newman as Newman had asked. "It's very important," Anselmo told Newman. "Nat'll appreciate it to the end. . . . What do you think? . . . You sure the guy could do something? . . . Positive? . . . All right, I give you the jurisdiction to get hold of Moe. And let him reach Pacetta." Note the language. Moe Steinman's direct tie-in was to the Lucchese Mafia family through John Dioguardi, while Lokietz was tied in through Anselmo to the Bonanno family. Favors between families clearly had to be approved according to protocol. 'I give you the jurisdiction to get hold of Moe. And let him reach Pacetta,' Anselmo had said.

Then Lokietz took the phone and told Newman, "I'm in the clear. The only thing is—who, Moe?—well, the thing is, I'm in the clear. The only thing I'm worried about is, I don't want no publicity on this stuff. I never even knew about it. We buy meat from inspected houses. . . . We're helping Charlie out, buying a lot of meat from him."

Moe Steinman, however, couldn't be reached that day. It was a Friday in December, a time Steinman often prefers to be on a golf course in Florida. So Lokietz and Anselmo resumed laying plans for a transfer of meat out of the Merkel plant by truck that night, while still looking for a political fixer. And soon they found that fixer, who really did reach out with the big bribe. He was the very next man on Lokietz's list of potential octopuses: Tino De Angelis, the great salad oil swindler who had set Lokietz up in business in the first place.

Tino had plenty of political contacts, including Congressman Cornelius Gallagher of New Jersey. Gallagher's district included Bayonne, where Tino had his phony oil storage tanks. According to a *Life* magazine exposé, (which proved devastatingly accurate in every confirmable detail), Gallagher received \$50,000 in legal fees from Tino during the time the salad oil swindle was in operation. After the scandal was exposed, *Life* reported, Gallagher engineered

a \$300,000 loan from a bank he was director of, to enable Tino's associates to start a tallow and lard business; that business then used phony merchandise receipts as collateral for big loans, just as Tino's salad oil business did. In 1977, a Congressional investigation into the Government of South Korea's bribery of American officials disclosed that as late as 1974, Congressman Gallagher had arranged for Korean money to finance a pork business, apparently Tino's.

When Nat Lokietz called, Tino proved he could handle New York City as well as New Jersey. "Listen," Lokietz asked him, "you got any connections in the City of New York? . . . It's a whole lot of things. Have you? . . . To put a cabosh on Pacetta. To reach Pacetta. Do you know anyone? . . . Hah? . . . And it could be done? . . . It's a very big problem. . . . This thing could spread like wildfire. . . . You're going to be in the motel? . . . When are you going to be home? . . . You think you got somebody, right? . . . Tino, see, I don't want to talk to you on the telephone. I'm not looking to fence with you. . . . We buy meat from Charlie Anselmo . . ."

Tino De Angelis said he knew a Brooklyn lawyer who was counsel to a state legislative committee. He said he'd check with the lawyer and call back. A little while later Tino reported that J. Louis "Jack" Fox, an eighteen-term Democratic state assemblyman from Far Rockaway, Queens, was the guy who got Pacetta his job. Pacetta was also from Queens. Tino said he had arranged an appointment for Lokietz that Sunday at Fox's house.

Tino De Angelis was never charged with this bribery plot. The D.A.'s lawyers eventually decided that without a tape recording, there was no proof of what De Angelis and Fox had actually said to each other. But Nicholson knew there had to be a bribery case against someone in what he'd heard. On Sunday, December 14, he followed Lokietz to Fox's house, then followed him back to his own house and heard him call his partner Sam Goldman on the telephone—which Nicholson had wiretapped. Lokietz told Goldman that Assemblyman Fox would take care of Pacetta for \$10,000. The first half was to be paid the following morning at ten o'clock in Fox's law office. The bribe would be split fifty-fifty between Fox and Pacetta. Armed with a tape recording of that conversation between Lokietz and Goldman, Nicholson located a D.A., who located a judge, who granted a judicial order on Sunday evening to bug Fox's office. Nicholson and a partner spent all night picking the lock, installing the microphone and transmitter, then locating and setting up a listening post. With the first rays of dawn they sat back to wait for ten o'clock, and, they hoped, the sounds of an indictable crime.

They heard Lokietz ushered in, and heard Fox say he had talked to "my people on Saturday afternoon . . . Unless the complaint originated from some other department, like the commissioner of investigations, or unless it came through the mayor's office," Fox said, the matter could be taken care of to Lokietz's satisfaction. "If it originated within his [Pacetta's] office, that's one thing. If it originated outside his office, that's another thing. This is the whole crux of the matter," Fox said.

at the factory. The retailer simply buys his ground beef trimmings in another box. Even the hides have been started on the tanning process at Dakota City.

Says Lou Havrilla, an assistant vice-president at Iowa Beef, "What you saw down there was a factory. None of us are really in the meat business. We're in the tonnage business. Beef just happens to be our raw material."

Someone else is doing Mrs. Schuller's job now, exactly as she did it. After an Iowa Beef executive and a reporter picked her out at random as a typical employee, she proved how typical she was by quitting before the story appeared in print. The Amalgamated Meat Cutters union says Iowa Beef ran through twenty thousand workers for its two thousand Dakota City butcher jobs before the plant had been open ten years. Then came the 1977 strike, which brought almost total turnover. Even before the strike, fewer than 25 percent of the workforce had been at the plant three years. Such workers obviously earn less than old-line meat companies like Swift and Armour pay their skilled butchers. And they obviously earn *much* less than do the local retail and wholesale butchers around the country whom they are replacing.

Membership in the Amalgamated has dropped to about 525,000 from about 550,000 a few years ago, despite ever-increasing meat consumption. If the automation introduced by Iowa Beef and its imitators had taken full effect, the membership would be down much more. In many midwestern cities, the union still explicitly bans the importation of boxed beef. In some cities, the union has threatened to strike to stop boxed beef, and in Kansas City such a strike actually occurred. Iowa Beef says 16 percent of the American people are still covered by such bans. Even in New York, Philadelphia, and other large cities where boxed beef has been admitted, contracts have been changed to provide that no currently employed full-time butchers can lose their jobs because of it.

When the butchers retire, however, they tend to be replaced by part-time workers, or not to be replaced at all. In Philadelphia, butchers' membership dropped from 5,000 to about 4,750 in the first six years boxed beef was allowed in, though much more meat was being sold. In New York, a training program designed to bring minority group members into the trade was ended. All through the northeast, apprenticeship programs are being eliminated.

Some union officials still rail against boxed beef. "It's no different from the Japanese sending cheap TVs in, undercutting the price," complains David W. Gelios, secretary-treasurer of Local 626 in Toledo. "It doesn't have the bloom, it doesn't have the tenderness" of freshly butchered meat, says Leon Schachter, the butchers' leader in the Washington, D.C., area. But consumer reaction hasn't borne him out.

And Iowa Beef remains by far the biggest beneficiary of the boom it started.

Tino De Angelis was paroled in 1972 after serving seven years of his twenty-year sentence for the salad oil swindle. A year later I visited him in his neat, almost ascetically modest one-and-a-half-room apartment on the first floor of a small Jersey City hotel, and then at a hog butchering operation he

room, appeared on front pages all over the country because it so perfectly matched the average man's preconception of what a Mafia member ought to look like. In the 1960s Dio had gone heavily into the kosher meat business, where the huge frauds he perpetrated would result in his imprisonment. At this writing, his underlings are still behind some of the biggest kosher meat firms in the country, with distribution coast to coast (details are in Part Nine).

Then there was the name of Charles "Charlie Callahan" Anselmo, a loan shark with an arrest record for bookmaking and a close friend of Tino De Angelis's. Anselmo, then thirty-eight, had moved in on the meat business through a trucking operation he started—something mobsters can do easily because the Syndicate controls the Teamsters' union. Meat dealers who accepted Anselmo's generous offers of credit soon found that it wasn't like taking out a charge card at Sears. At least one dealer, Seymour Ehrlich, was forced to turn over control of his business to Anselmo. Now, operating as Triangle Meats, a brokerage concern, Anselmo was supplying Lokietz with a lot of the meat that went into Merkel products.

Perhaps these purchases from Anselmo were some kind of quid pro quo to the Mob. Tino had put Lokietz into Merkel to start with, and the deal may have specified where the meat was to come from. At any rate, Anselmo's name was mentioned a lot more reverently than Dio's was around Lokietz's office. A separate detective crew was sent out to tap Anselmo's phone.

"Charlie Anselmo," Lokietz was saying over his own phone November 23, as Nicholson and Montello listened to one side of the conversation through the bug in the room. "It seems that they sent me out a [unintelligible] and they picked it up. It so happens that the company it went to found dirty meat. So fourteen boxes were left behind. It seems that—you know—fucking Anselmo's got people taking all over."

"Taking" was the street word for bribery.

"I wanted to grab the meat," Lokietz went on. "I understand he had the [unintelligible] on 'em. I got the whole information, and as long as I know, [then] I'm guilty of that, don't you understand? . . . I had to send back a trailerload of meat. He's got to pay for it, he knows that. . . . We had to open the meat up, put it into tanks, get rid of the boxes. I still got meat downstairs, twenty thousand pounds. Somebody coming up tomorrow to open them up. . . . I talked to Mr. Callahan, I said, 'Look, Charlie . . . little by little, we're going to try to get rid of it. Little by little . . . Chock Full O' Nuts . . . Shop-Rite . . .'"

Dirty meat? What was going on? Moments later, Lokietz was on the phone with Herman Jukofsky, Merkel's plant manager and the son-in-law of Lokietz's junior partner, Samuel Goldman. "How much meat do you put in?" he asked Jukofsky. There was a pause, as if for an answer. "Eighty pounds meat and twenty pounds of that stinger meat?" he asked. "Seventy-five meat and twenty-five. . . . On the frankfurters, twenty-three. . . . What's his formula on the patties?"